

The role of beneficiary-centered assignment for Medicare Part D

ISSUE: Under the Medicare Part D drug benefit, dually eligible beneficiaries and others who qualify for the low-income subsidy were assigned to a drug plan although they could opt out and choose a different plan on their own. CMS adopted a policy of random assignment to avoid steering beneficiaries into any particular plan and to ensure that qualifying plans received an equal share of beneficiaries. Some state pharmacy assistance programs and Medicaid programs used a policy of “beneficiary-centered assignment” to assign their members to plans that covered most of their drugs and minimized their cost sharing. Does beneficiary-centered assignment have the potential to improve beneficiary access and reduce Medicare costs? What are the implications of beneficiary-assignment for risk selection and disruption for beneficiaries?

KEY POINTS:

- MedPAC staff asked researchers at NORC at the University of Chicago and Georgetown University to examine the experiences of states that are using beneficiary-centered assignment to assign beneficiaries eligible for the low-income subsidy to drug plans that best suit their needs.
- Researchers found that beneficiary-centered assignment was feasible for Medicaid and state pharmacy assistance programs.
- Researchers also examined variation in formulary coverage, cost-sharing requirements, and utilization management for the most common drugs used by dually eligible beneficiaries.

ACTION: Commissioners should provide feedback on future directions for this project.

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